Local Agency Process Review

FY 2006/07

By
Federal Highway Administration
In Conjunction with the
California Department of Transportation (Caltrans)

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FHWA

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Executive Summary

Recent highway transportation legislation continues to increase the Federal-aid funding provided to the State Departments of Transportation and by extension, to the Local Public Agencies (LPA). In addition, laws governing the use of federal funding on transportation projects have been subject to change. As a result, the Federal-aid Highway Program (FAHP) has grown significantly in size and complexity for LPAs.

In California, the Caltrans Division of Local Assistance (DLA) oversees more than one billion dollars annually that is made available to over 800[1] local public agencies for transportation projects. Approximately 540[2] new projects are authorized each year through the Caltrans DLA. The overhead associated with providing this support is funded predominately with state funds in the amount of $27 M, or 2% of the capital funds that flow through to the LPAs.[3]

Through Program Analysis and Risk Assessment at both the national and state level, the Federal Highway Administration (FHWA) has identified Federal-aid projects administered by LPAs to be an area of high risk within the FAHP. As a result, a comprehensive review of this program is of high importance to FHWA. The main reason for concern about this program is due to the large number of Federal-aid projects administered by the LPAs. FHWA is uncertain about the LPA's familiarity with federal requirements associated with the complex Federal-aid highway project delivery process. An additional concern relates to the level of expertise needed to competently develop and deliver a project through use of either in-house staff, consultants, and contractors.

Overall, we have determined from our Phase I review that Caltrans' Local Assistance Procedures Manual (LAPM) and Local Assistance Program Guidelines (LAPG) and other resources provide comprehensive guidance to the LPAs that are working to deliver Federal-aid highway projects. Phase II is scheduled to occur in fiscal year (FY) 2008 in which the California Division and Caltrans will conduct site visits to selected Districts and review projects to verify that the LPAs are complying with the federal requirements. The Phase I notable findings and recommendations are as follows:

Finding 1: The LAPM and LAPG are updated regularly and provide well written comprehensive guidance, however some sections have not been updated to include all of the changes in the federal requirements mandated by SAFETEA-LU. Caltrans does have a process where it issues Local Program Procedures (LPPs) as a method of rapid deployment of new procedures and policies between updates of the manual and guidelines.[4]

Recommendation 1: Revise those portions of the LAPM and LAPG to reflect all changes in the law, regulations and programs that were the result of SAFETEA-LU and other program changes. FHWA and Caltrans need to enhance their present communication between the offices to ensure that Caltrans is aware of the new/revised regulations, policy, etc. as they become available. The selection of an FHWA Division Office coordinator would provide a point of contact within the division office as well as someone to champion the issues surrounding the Local Agency

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[1] Total as of report date. Info from: http://www.dot.ca.gov/hq/LocalPrograms/, http://www.csac.counties.org/ and http://www.cacities.org/

[2] FHWA – CA Divison E76 project authorization data base

[3] http://www.dot.ca.gov/hq/LocalPrograms/

[4] http://www.dot.ca.gov/hq/LocalPrograms/lpp/lpp1r1.htm

Program. Additionally, FHWA should improve communication with Caltrans DLA by providing new legislative analysis summarizing changes in program requirements once they become available. This can be accomplished by assuring that Caltrans is aware of the information posted on the FHWA internet regarding recently enacted legislation.[5]

Finding 2: Under the current guidance Caltrans has delegated many of the responsibilities for project delivery to the LPA including the certification by the LPAs that they have met all Federal-aid requirements.

Recommendation 2: Develop a quality control process at the State level that will statistically verify that the Federal-aid local assistance program requirements are being met. As part of this effort the California Division needs to develop a quality assurance process that will enable FHWA to be accountable in the event of audits or congressional inquiries.

Finding 3: Compliance with Federal-aid requirements by the LPAs for their project delivery has been verified in specific areas by spot checking and process reviews, however this information is not consolidated nor readily available to the FHWA CA Division Office.

Recommendation 3: Perform Phase II, a "life cycle" program delivery review, on a representative sample set of individual projects from multiple LPAs to determine program delivery compliance on a more extensive basis.

[5] http://www.fhwa.dot.gov/safetealu/index.htm

Introduction

Recent highway transportation legislation has continued to increase the Federal-aid funding provided to the State Departments of Transportations and by extension, to the local agencies. In addition, laws governing the use of federal funding on projects have been subject to change. As a result, The Federal-aid Highway Program has grown significantly in size and complexity for Local Public Agencies (LPA). While a few LPA recipients have organizations and expertise that would rival that of many smaller State Transportation Agencies (STA), many of the LPAs that become sub-recipients of Federal-aid program funds may have little or no specialized staff and may only experience Federal-aid projects once every few years. LPAs now participate in a diverse range of projects from simple sidewalks to complex NHS interchanges and bridges. [6]

In California, the Caltrans Division of Local Assistance (DLA) oversees more than one billion dollars annually available to over 800 cities, counties[1] and regional agencies for the purpose of improving their transportation infrastructure and/or providing transportation services. This funding comes from various Federal programs specifically designed to assist the transportation needs of LPAs. Annually, over 540[2] new projects are authorized. The overhead associated with providing this support is only $27 M, or the equivalent of 2% of the Federal-aid funds that flow through to the LPAs. The $27 million (2%) is not funded with Federal-aid (except for the bridge inspection activities) and is provided by using state funds for oversight activities.[3]

During the 1990s, the Stewardship Agreements, between FHWA and Caltrans, delegated the responsibility for local agency programs and funding to Caltrans. Shortly after this action, during the mid 1990s, Caltrans DLA underwent "Reengineering" which resulted in further delegation of responsibilities to the LPAs for Federal-aid transportation projects.

To aid LPAs with project delivery, procedures were developed to guide project development and delivery of transportation projects. These projects can encompass many layers and activities, and involve a wide range of functions. Within Caltrans, the main local agency program effort starts in their HQ's under the DLA with various activities being delegated to each of their 12 District Local Assistance Offices, under the responsibility of the District Local Assistance Engineer (DLAE). It should be recognized that the majority of local assistance projects are off of the state highway system (SHS), which in most cases means it is off the National Highway System (NHS). However, there are a few LPA projects that are on the NHS. In recent years, a number of LPAs have advertised, awarded and administered (AAA) projects on the SHS in which they are required to use the state's processes and procedures.

Program Analysis, Risk Assessments, and Program Reviews at both the national and state level, the FHWA has identified Federal-aid projects administered by LPAs to be one of its highest risk potentials within the program. As a result, a comprehensive review of this program is of high importance to FHWA.

Purpose

The California Division of FHWA initiated a multi-phase process review, jointly with Caltrans, which will be accomplished over several years to:

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[6] Review - The Administration of Federal-aid Projects by Local Public Agencies, Dec 2006, FHWA Office of Professional and Corporate Development Team

- Evaluate the Caltrans Local Assistance Procedures Manual (LAPM) and the Local Assistance Program Guidelines (LAPG) which are the main guidance provided by Caltrans to LPAs executing Federal-aid transportation projects;
- Determine if there are adequate reporting requirements; what processes are being used to report information and data; who does and who should receive this information and data; determine adequatacy of internal controls to provide fiscal oversight; and if the processes are working as stated in the LAPM and LAPG;
- Verify that Caltrans Local Assistance is providing adequate oversight throughout the projects "life cycle" which includes planning, environmental, right-of-way, design, construction and maintenance of the LPA Federal-aid project;
- Verify that Caltrans' processes for ensuring proper project eligibility determination, project authorizations, and support for LPA invoices reimbursed with Federal-aid funds.

In delivering Federal-aid transportation projects, a "life cycle" scenario is typically referred to include the major activities of planning, environmental, right-of-way, design, construction, maintenance and operations. Since this multi-year, multiphase review focuses on LPAs, Metropolitan Planning Organizations (MPOs) responsible for the development of transportation plans and programs, and planning will not be part of the review. Over time, the multi-year review will assess whether there are adequate processes, procedures, and guidance in place and verify that LPA projects are delivered in accordance with Federal-aid requirements and that Caltrans is providing adequate oversight in all areas of project delivery including:

- Environment
  - Air Quality
  - National Environmental Policy Act (NEPA) approval actions
  - What actions are the Caltrans DLAE and HQ Division of Local Assistance responsible for
  - NEPA approval date vs e76 approved for PS&E advertisement
  - Level of design used for NEPA (What % of PE and % of PS&E is used?)
- Right of Way
  - R/W cert used for e76 approval
  - R/W cert upgraded as warranted
- Design and Construction including the Bridge Program
  - Traffic Control or Management Plans
  - Design standards
  - Preliminary Environmental Survey - PES
- Maintenance
  - Adequate maintenance funding (Is the LPAs annual maintenance budget adequate?)
- Finance
  - Funding adequate for preliminary engineering, R/W and construction phases
  - Are Local Agency Federal-aid charges for developing the plans, specifications and estimate (PS&E) reasonable?
  - Comparison of the Engineers cost estimate vs award vs final invoiced costs
  - Contingencies used in cost estimate (pre-award and post-award)
  - Measurement of scope creep and/or dollars/time

The multi-phase, multi-year process review will examine the overall health of the Caltrans Local Assistance oversight role of ensuring compliance on LPA Federal-aid transportation projects with all federal laws and regulations, including proper documentation, prudent and reasonable expenditure of Federal-aid funds, a quality product at a reasonable cost and completion time, and adequate funding for maintenance.

Phase I of this multi-year, multi-phase review was completed in FY 2007 and focused on the adequacy of Caltrans LAPM and LAPG. The results of the Phase I review will be used to determine the sequence and scope of the subsequent phases of the review.

Objectives

Phase I of the review, which was conducted during FY 2007, focused on the following objectives:

1) Verifying that the Caltrans LAPM and LAPG adequately addressed Federal requirements.

2) Documenting and understanding the Caltrans procedures for ensuring that LPAs are complying with the LAPM and the LAPG / Federal requirements.

3) Evaluating the adequacy of Caltrans oversight (A quality assurance review of Caltrans oversight) of the LPA actions and projects.

4) Determining if additional steps are needed for verifying compliance of the LPA projects, including the development of a Multi-year Plan to increase or decrease the oversight of Locally Administered projects.

Scope of Review

This review represents the first phase in a series of reviews that will be done to determine the LPA level of compliance with the Federal-aid Local Program requirements in California. Phase I was completed in FY 2007 and focused on the adequacy of Caltrans guidance that it provides to the LPAs for delivery of federal-aid projects. Caltrans procedures and guidance are the LAPM and LAPG. Phase II is scheduled to occur in FY 2008 to verify that Caltrans Districts and LPAs are implementing the LPA program per the LAPM and LAPG.

The scope of Phase I focused on the four objectives mentioned above – (1) Manual Review; (2) Caltrans Oversight Activities; (3) Adequacy of Caltrans' Oversight; and (4) Next steps for verifying compliance of the Local Agency projects, including the development of a multi-year plan to improve, if needed, the oversight of Locally Administered projects. The results of the Phase I review will determine the sequence and scope of the subsequent phases.

It is recognized that to adequately address all four objectives, each one is a sequential step and will need to be addressed individually before moving to the next step.

Step 1. Comprehensive LAPM and LAPG Review

- Comprehensive - covering all disciplines;
- This step was to determine if the manual covered all Federal-aid requirements? 23 USC, 23 CFR, 49 CFR Part 18, NEPA, etc., and to identify fatal flaws and areas for improvement.

Step 2. Caltrans Oversight

- Verify Caltrans oversight of the LPAs;
- How oversight is accomplished? Process reviews? Project reviews? etc.
- Do Caltrans oversight activities cover all aspects / disciplines (Finance, Design, Civil Rights, Construction, ROW, Environment, etc.)?

Step 3. Adequacy of Caltrans Oversight - A Quality Assurance Review

- How well do Caltrans procedures and work products assure full compliance of projects?
- Were the process reviews comprehensive?
- How well did Caltrans verify compliance?
- Did Caltrans oversight adequately cover all aspects / disciplines (Finance, Design, Civil Rights, Construction, ROW, Environment, etc)?

Step 4. Determine Next Steps for Verifying Compliance of the LPA Projects

This includes the development of a multi-year plan to improve the oversight of Locally Administered projects.

- What additional verification or reviews will be necessary?
- Investigate the use of risk-based oversight.
- Documentation of a multi-year plan.

Process Review Team Members

The review team was composed of members from both FHWA California Division Office and Caltrans Local Assistance.

FHWA

- Jeff Lewis (FOE) Team Leader
- Gary Sweeten (PD&E)
- Bill Todd (R/W)
- Lynn Whitford (R/W)
- Sarah Skeen (Engineering Services)
- Charlie Chen (FOE)

Caltrans

- Kevin Pokrajac, Chief, Office of Procedures Development and Training
- Eugene Shy, Process Review Engineer

- Germaine Belanger, Environmental Planner
- Carol Hanson, Senior Right of Way Agent

Observations, Findings, and Recommendations

Overall, we have determined from our Phase I review that Caltrans' LAPM and LAPG and other resources provide comprehensive guidance to the LPAs that are working to deliver Federal-aid highway projects. The review team identified three findings as a result of this review. They are listed below:

Finding 1: The LAPM and LAPG are updated regularly and provide well written comprehensive guidance, however some sections have not been updated to include all of the changes in the federal requirements mandated by SAFETEA-LU. Caltrans does have a process where it issues Local Program Procedures (LPPs) as a method of rapid deployment of new procedures and policies between updates of the manual and guidelines.[7]

Discussion: Since the passage of SAFETEA-LU, there have been changes in both the process and programs that have yet to be incorporated into the manuals. The LAPM and LAPG are updated by Caltrans' DLA as quickly as time and available resources allow. For program and policy changes that need to be implemented prior to manual updates, Caltrans uses LPP letters to inform LPAs of the changes. The sections in need of update are listed below in Table 1; with detailed information available in Appendix D of this report.

Table 1. List of chapter updates needed for Caltrans' DLA guidance.

LAPM	LAPG
Chapter 3 – Project Authorization	Chapter 1 – Introduction and Overview
Chapter 4 - Agreements	Chapter 2 – Financing the Federal-aid Highway Program
Chapter 5 – Accounting/Invoices	Chapter 3 – Federal-aid Routes and Functional Classification
Chapter 6 – Environmental Procedures	Chapter 6 – HBRR – schedule update Fall 2008
Chapter 8 – Public Hearings	Chapter 8 – Transportation Enhancement Activities (HES)
Chapter 11 – Design Standards	Chapter 11 – Disaster Assistance
Chapter 12 – Plans, Specifications, and Estimate	Chapter 12 – Other Federal Programs
Chapter 15 – Award and Advertise	

It should be noted that the Federal-aid program is very complex and that it is challenging for the State to provide clear and comprehensive guidance to LPAs. Additional difficulty is added when the State must continually update its manuals to implement the many changes to Federal-aid

[7] http://www.dot.ca.gov/hq/LocalPrograms/lpp/lpp1r1.htm

program requirements that occur as a result of new highway transportation legislation or other regulation and policy changes. In effort for work with the State on the implementation of program policy and regulation changes, FHWA is able to develop reasonable implementation schedules. However little can be done by FHWA to limit legislative changes to the Federal-aid program.

Recommendation 1: Revise those portions of the LAPM and LAPG to reflect all changes in the law, regulations and programs that were the result of SAFETEA-LU and other program changes. FHWA and Caltrans need to enhance their present communication between the offices to ensure that Caltrans is aware of the new/revised regulations, policy, etc. as they become available. The selection of an FHWA Division Office coordinator would provide a point of contact within the division office as well as someone to champion the issues surrounding the Local Agency Program. Additionally, FHWA should improve communication with Caltrans DLA by providing new legislative analysis summarizing changes in program requirements once they become available. This can be accomplished by assuring that Caltrans is aware of the information posted on the FHWA internet regarding recently enacted legislation.[8]

Finding 2: Under the current guidance Caltrans has delegated many of the responsibilities for project delivery to the LPA including the certification by the LPAs that they have met all Federal-aid requirements.

Discussion: Caltrans provides guidance and checklists for the necessary documentation needed by the LPAs to include in the file for every project to document compliance with Federal-aid requirements. In addition, the DLAE reviews a small number of projects each year within their districts. The DLA also performs approximately 4 process reviews per year on focused areas; with none being comprehensive as to cover all aspects of the Federal-aid program (e.g. Finance, Design, Civil Rights, Construction, ROW, Environment, etc.). Additionally the projects selected for these reviews are not based on a random sampling process that provides a statistically accepted level of confidence (typically 95%) that Federal-aid requirements are being met.

Recommendation 2: Develop a quality control process at the State level that will statistically verify that the Federal-aid local assistance program requirements are being met. As part of this effort the California Division needs to develop a quality assurance process that will enable FHWA to be accountable in the event of audits or congressional inquiries.

Finding 3: Compliance with Federal-aid requirements by the LPAs for their project delivery has been verified in specific areas by spot checking and process reviews, however this information is not consolidated nor readily available to the FHWA CA Division Office.

Discussion: In order to better understand the program compliance it is necessary to take a comprehensive look at a sample set of LPA projects to determine how the projects were delivered. Since a comprehensive review that evaluates the "life cycle' project delivery process has not been previously completed, it is difficult to ascertain the overall status of the program.

Recommendation 3: Perform Phase II, a "life cycle" program delivery review, on a representative sample set of individual projects from multiple LPAs to determine program delivery compliance on a more extensive basis.

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[8] http://www.fhwa.dot.gov/safetealu/index.htm

Implementation Plan and Next Steps

With the completion of this Phase I review, it is recommended that the review proceeds to Phase II. Once Phase II is completed the review team will be in a better position to identify an implementation plan to recommend improvements to the program. However, recommendations one and three can be started immediately. Work to implement the review finds will involve both Caltrans and FHWA.

Recommendation 1: Implementation can begin with Caltrans establishing a schedule for the immediate and routine updates of the program guidance including manuals, websites, training, etc. Once the schedule is established, FHWA would have a guide for assessing whether the program guidance was in compliance with program requirements.

Recommendations 2: Phase II of this review will provide further insight into the implementation of the current findings and recommendations. A quality control and quality assurance plan (QA/QC) needs to be developed to statistically demonstrate project delivery is in accordance with federal-aid requirements. Additionally consideration should be given to perform a comprehensive review on a regular basis (i.e. 5 to 10 year cycle) to determine the health of the LPA program. This effort would guide the specific program and process reviews that focus on portions of the overall program. "Mini" reviews would be done during the years between each comprehensive review cycle.

Recommendation 3: Phase II of the program review needs to be completed. This review should identify a representative sample set of projects selected randomly from all districts within the state. The review team will need to identify a list of critical project documentation needed and also a list of questions to be used in interviews. Once this is developed, each project should be evaluated to verify compliance with Federal-aid requirements as well as Caltrans program delivery guidance. FHWA will work with Caltrans during the development of the comprehensive review plan needed for Phase II of this review. Table 2 outlines a preliminary schedule for the next phase.

Table 2. Draft timeline and milestones for Phase II of the California LPA Review.

TIMELINES	*MILESTONES FOR PHASE II*
10/07/07	Hold internal "kick-off" meeting for Phase II
11/06/07	Draft work plan
11/17/07	Hold "kick-off meeting w/Caltrans and identify team members
11/30/07	Final work plan approved
12/07 to 4/07	Conduct review of Districts and selected projects
May 2008	Review and analyze data. Prepare Draft Report.
6/30/08	Complete Draft Report. Circulate for management review
7/31/08	Circulate Final Draft Report for Signature
8/17/08	Conduct "Closeout" Conference
8/31/08	Issue and distribute final signed report for Phase II

Conclusion

Currently, Caltrans' LAPM and LAPG and other resources provide comprehensive guidance to the LPAs that are working to deliver Federal-aid highway projects. Caltrans guidance was found to be in substantial compliance with the Federal-aid program laws, regulations, and policies.

The next step in this review (Phase II) is to determine if the LPAs have implemented this guidance and the level of confidence in the LPAs certification that the Federal-aid program requirements have been met.

Appendices

A. LPA Program Analysis
B. List of FHWA original questions
C. Copy of FHWA letter transmitting questions
D. State responses to questions
E. National Review of California
F. Review Work Plan

Appendix A

LPA Program Analysis

Federal Highway Administration
California Division
Local Public Agency FY06/07 Program Analysis
August 7, 2007
(S#___)

Overview *(Describes why a program exists.)*

Under existing statutes and regulations, State DOTs are responsible for ensuring that all Federal-aid projects are carried out in accordance with Federal requirements. This responsibility was specifically clarified in 23 U.S.C. 106, as amended by Section 1904(a) of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU, Public Law 109-59). This amendment to Section 106 specifically charges the States with the responsibility for determining that subrecipients of Federal funds (including LPAs) have adequate project delivery systems for projects and sufficient accounting controls to properly manage Federal funds. As the recipient of Federal-aid funds for the State, the State DOT may not delegate this responsibility and the State DOT is ultimately accountable for ensuring that Federal requirements are met for all LPA-administered Federal-aid projects.

Section 1904(a) also amended 23 U.S.C. 106 to require the Secretary (by delegation, FHWA) to periodically review the monitoring of subrecipients by the States. To assess the effectiveness of existing practices, each division office must review its State DOT's processes and procedures for LPA-administered projects to determine if improvements are warranted. The reviews must be comprehensive to ensure that all aspects of the LPA-administered projects are carried out in accordance with Federal requirements. In addition, the reviews should include sampling of LPA projects, as the division offices deem appropriate, to validate compliance with established processes and procedures. The LPA Program is a number #1 priority area for national review by FHWA field and program offices. To date, we have been unable to meet with Caltrans to provide input into this program analysis.

Vision/End-state *(Describes how you see the program in California over the next three years.)*

Assure that the FHWA/Caltrans Joint Local Public Agency processes and procedures reliably result in LPA projects being administered in accordance with the Federal requirements. Fulfilling the following aspirations would achieve this vision:

- Meeting Caltrans on time/on budget deadlines
- Assist Caltrans in developing and implementing a Local Program that:

- Maximizes delegation but keeps Caltrans in "responsible charge"
- Ensure prudent expenditure of public funds
- Promotes innovation but maintains quality processes and products

- Review and approve the Local Assistance Procedures Manual and Local Assistance Program Guidelines (and/or portions thereof) as needed

Requirements and Core Elements *(Describes basic requirements and key activities.)* (see April 2007 List I:\Field Ops\07 Program Analysis – Core Elements.xls)

This document is intended to be an analysis of the overall administration, stewardship, and oversight of Federal-aid projects administered by local public agencies (LPA's) process from a program standpoint. This analysis will include Caltrans and FHWA activities that occur during a projects "cradle to grave" development process to capture and prioritize issues and be used as a tool to implement solutions to identified issues as part of a continuous improvement process.

The procedures followed to develop a local public agency program for a transportation project encompass many layers and activities and involves a wide range of functions. Within Caltrans, the main local agency program effort starts in their HQ's under the Local Assistance" section in which various activities are then delegated to each of their 12 District Local Assistance Branches, under the responsible District Local Assistance Engineer (DLAE). It should be recognized that the majority of local assistance projects are off of the state highway system (SHS), which is off of the National Highway System. However, it recent years, a few local agency's have advertised, awarded and administered (AAA) projects on the SHS in which they are required to use the state's processes and procedures.

LPA's – focus area for the current year (<u>is being addressed</u> AND <u>does not need</u> to undergo a risk assessment analysis in FY07). This element is currently under process review with a Phase I and Phase II. Phase I is reviewing the current procedure and manuals along with the level of the State HQ's Local Assistance involvement and Phase II is to go out to the various Districts to see what was actually getting implemented. Depending on the outcome of the review (Phase I in 07 and Phase II in 08), it may be decided to revise their manuals and/or recommendations may be made that would tie into the FHWA/Caltrans Stewardship Agreement. Therefore, additional work to address outcomes is likely.

The core elements of the Local Program are outlined below:

- FINANCE
  - Construction Contractor (FIRE) Review currently under review
- PLANNING

- Phase II of Consultant Selection and Administration is recommended
- RIGHT-OF-WAY/UTILITIES
  - 07' RA recommends review of ROW compliance
  - Phase II of Consultant Selection and Administration is recommended
- PRELIMINARY DESIGN
  - Phase II of Consultant Selection and Administration is recommended
- ENVIRONMENT
  - Categorical Exclusion (CE) Review currently under review
  - Environmental Commitment Compliance Review currently under review
- FINAL DESIGN
  - Phase II of Consultant Selection and Administration is recommended
- SAFETY
  - HES program currently under review
- ITS
- CONSTRUCTION
  - Phase II of Consultant Selection and Administration is recommended
- EMERGENCY RELIEF (ER)

Performance Measures/Compliance Indicators *(Show how the program compares to Vision.)*

The performance measures currently being considered will cover the entire program delivery process as outlined in Caltrans Local Assistance Procedures Manual and the Caltrans Local Assistance Program Guidelines. Performance measures are intended to measure the "on-time, on budget" goal of Caltrans as well as specific FHWA requirements related to Major Projects and Value Engineering.

As of June 2007, Caltrans has adopted nearly 35 main objectives (and approximately 75 performance measures within the objectives) as Strategic Planning and Performance Measures. The objectives cover five main areas (Safety - 5 performance measures, Mobility - 13 performance measures, Delivery - 14 performance measures, Stewardship - 32 performance measures and Service - 10 performance measures). These items will be periodically monitored by Agency, the Executive Team or Divisions within the Department. Per FHWA's recent review comments/questions on Caltrans Local Assistance Program Manual/Guidelines (23 pages in length), several performance measures in Environment, Right-of-Way, Local Assistance (Response Times and Milestones - oversight and permits) and Construction were developed to address both State and FHWA concerns. Examples include:

(1) Each year, ensure 100% compliance with response times and scheduled milestones for Local Assistance, oversight, and permits, as negotiated with our local partners and other submitting entities,

(2) Percent compliance with response times and scheduled milestones for Local Assistance, oversight and permits and
(3) Percent of available funds used for mass transportation and used for rail capital, operating, and training that pass through Caltrans to local recipients.

Compliance indicators will be adjusted annually based on the yearly Program Assessment and Risk Analysis process. Currently detail design reviews (4 to 5 Caltrans Districts including local agencies) to gage compliance are anticipated once the Stewardship Agreement is implemented. This Program Analysis will help to determine those local assistance program elements that will be covered in the detailed reviews.

Status of Program *(Based on the measures and indicators, describes the current state of your program.)*

Per Local Programs Procedures {LPP (01-04)}, signed by Terry Abbott in 2001, the Division of Local Assistance will continue to have Headquarters and District Local Assistance Engineers (DLAEs) monitor all federally-funded Local Agency transportation projects per guidelines from the Local Assistance Procedures Manual. In the months to come, our manual will be updated to address FHWA's latest concerns. The Division of Local Assistance will create better check lists and require all DLAEs to periodically complete them and return the findings to Headquarters for review. These efforts will undoubtedly produce better accountability on all federally-funded Local Agency transportation projects.

Situation (SWOT) Analysis

Strengths/Opportunity Identification *(Explains what is going well, what may not need to change, and identifies potential opportunities for capitalizing on/or leveraging these strengths/opportunities for the best return on investment of resources.)*

Strengths	Opportunity
NEPA documents that are Categorical Exclusions (CE) are being appropriately classified	Ensures that all the NEPA requirements are satisfied
There is evidence of coordination between Local Assistance and the Local agencies throughout the Environmental process	Continuing communication between Local Assistance and Local agencies ensures a product that appeals to both sides
Overall the Local Assistance Procedure Manual (LAPM) and Local Assistance Program Guidelines (LAPG) provides extensive guidance	A comprehensive LAPM and LAPG certifies that the Local Program has the guidance to be deliver to the best of the ability of the staff who is delivering it.

Local Agencies are following the proper AAA procedures to ensure that the contracts are being awarded by competitive means	Reiterates that the contract is going to the most responsive contractor at the lowest cost
Local Assistance is following the proper procedure to assure that the PS&E checklist is approved prior to the Local agencies advertising the contract.	Every contract has been reviewed by Local Assistance prior to advertise to assure that all federal requirements have been met.

Weakness/Risk Identification *(Evaluate any vulnerable areas in your program, what needs to be addressed now and in the next three years.)*

Weakness	Risk
During the Environmental Process, there is little documentation of decision making	Inhibits future process reviews, could cause loss of future funds, inability to defend if lawsuit occurs
There is little to no consistency between the Districts throughout the state	Hinders FHWA and Caltrans from managing the program uniformly across the state
LAPM and LAPG needs to be brought up-to-date with the current standards	FHWA and Caltrans are not operating on the most recent standards
Local Assistance doesn't appear to have enough trained staff of the LAPM and the LAPG to provide full assistance to the Local agencies	Local agencies are not receiving the necessary direction, which could cause the Local agencies to inappropriate manage the contract (Loss of future funds)
Currently for consultant selection and administration, there is no state or federal process	No controls set in place to manage the program
Environmental Commitments Record (ECR) requirements do not appear to have same status of importance as other project deliverable requirements	If mitigation requirements are not in the project contract, they could be overlooked and never implemented. (Potential for lawsuits, loss of funds)
Numerous Local agencies have not developed a Quality Assurance Program (QAP) for accepting/approving and maintaining material certifications	Potential for projects to be built substandard, which could create a shorter lifespan of project.
Local Assistance only reviews one PS&E package per District per year. A PS&E checklist replaces the in depth review for the remaining PS&E packages	Creates a void between Local Assistance and the Local agency, which produces the potential for substandard contracts to be AAA if PS&E checklist is not reviewed thoroughly

Initiatives/Strategies

(Lists any initiatives, by year, which would bring the program closer to the three-year vision. After identifying the issues and formulating solutions to meet the end-state goals, outline your multi-year plan for implementing your findings.)

Multi-Year Plan (1-3 years)
FY 08 - Next Steps/Solutions
FY 09 - Next Steps/Solutions
FY 10 - Next Steps/Solutions

Implementation Schedule

Mul ar Plan (1 - 3 years)

Program Area	07' Process Review	H-M-L	Deliverables	Timeline	Who is Responsible
Finance	Construction Contractor FIRE Review	H	The high risk areas will be determine for future site visit review and evaluation. (Place Holder for Brenda B. TBD)	FY 08'	Field Operations/Finance Team
			Implementation of recommendations from 08' review	FY 09'/10'	
Construction	Local Agency Process Review	H	Phase 2 of the Local Agency Process Review, site visit will be performed to determine effectiveness of each manual	FY 08'	Field Operations
			Implementation of recommendations from 08' review (Place holder)	FY 09'/10'	
Environment	Enivormental Commitment Compliance Review	H	Implement recommendations from 07' process review	FY 08'	PD&E
			TBD	FY 09'/10'	
	Categorial Exclusion (CE) Review	H	Continue CE process review every 15 months to determine implementation effectiveness.	FY 08'	PD&E
			Audits will be performed every 6 months for first 2 years.	FY 08'/09'	
			After 2 years, audits will be performed annually.	FY 10'	
	Consultant Selection and Administrion Review Phase I (ROW, Design, and Construction)	H	The second phase of the review is to verify the actual compliance of a sample of consultant contracts with the federal-aid program requirements. Two samples will be obtained to represent State and locally administered procedures. The findings, observations, and recommendations regarding this project-level analysis will be appended to this report in December 2007	FY 08'	Multi-disciplinary Team
			Implementation of recommendations from 08' review	FY 09'/10'	
Right-of-Way	Risk Assessment	H	Review of the LAPM and LAPG manuels	FY 08'	Right-of-Way
			Project review of ROW compliance (Place holder)	FY 09'	
			Implementation of Deliverables from 09' (Place holder)	FY 10'	
Safety	HES program review	H	Following local agencies survey, site visit to determine effectiveness (Place holder)	FY 08'	Engineering Services/Safety
			Implementation of Recommendations from 08' (Place holder)	FY 09'/10'	
California Division	Headquarter Action Items	H	Update and Report to Local Project Oversight Coordinator whether the State DOT has, or is working to devleop, a compreshensive LPA project oversight program	October 1, 2008 April 1, 2008 October 1, 2008	California Division

Appendix B

Caltrans Agreement for Finance to Perform Operation Review and Risk Assessment of the Local Assistance Program (LAP)

STATE OF CALIFORNIA

STANDARD AGREEMENT

STD 213 (Rev 06/03)

AGREEMENT NUMBER
50A0019
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

Department of Transportation (Caltrans)

CONTRACTOR'S NAME

Department of Finance

2. The term of this Agreement is: **June 1, 2007** through **January 31, 2008**

3. The maximum amount of this Agreement is: **$250,000.00**
Two Hundred Fifty Thousand Dollars and no cents

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	2 Pages
Exhibit B – Budget Detail and Payment Provisions	2 Pages
Exhibit C* – General Terms and Conditions (GIA101)	
Exhibit D - Special Terms and Conditions	2 Pages
Attachment 1 - Rates	1 Page

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. *These documents can be viewed at* http://www.ols.dgs.ca.gov/Standard+Language/default.htm

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		*California Department of General Services Use Only*
CONTRACTOR'S NAME *(if other than an individual, state whether a corporation, partnership, etc.)* **Department of Finance**		
BY *(Authorized Signature)*	DATE SIGNED *(Do not type)*	
PRINTED NAME AND TITLE OF PERSON SIGNING Vicki Huntsman		
ADDRESS 915 L Street Sacramento, CA 95814		
STATE OF CALIFORNIA		
AGENCY NAME **Department of Transportation**		
BY *(Authorized Signature)*	DATE SIGNED *(Do not type)*	
PRINTED NAME AND TITLE OF PERSON SIGNING John Bennyhoff, Contract Officer		☐ Exempt per:
ADDRESS 1-30th Street, 4th Floor Sacramento, CA 95816		

EXHIBIT A
INTERAGENCY AGREEMENT

SCOPE OF WORK

1. The Department of Finance, Office of State Audits and Evaluations is herein after referred to as Finance.

   Finance agrees to provide professional services to perform an operational overview and risk assessment of the Local Assistance Program (LAP). Finance also agrees to provide the following services:

   A. Obtain an understanding of LAP's roles and responsibilities.
   B. Review LAP's policies and procedures to determine whether processes are implemented and followed.
   C. Identify all federal and state transportation funded programs under the LAP's responsibility.
   D. Review the federal and/or state guidelines for select programs and determine that LAP complies with the provisions to maintain funding.
   E. Obtain an understanding and review LAP's monitoring process of programs to ensure compliance with the federal and state regulations.
   F. Obtain an understanding of the LAP's accounting and internal control policies and procedures.
   G. Submit a report summarizing the processes of the LAP and providing a risk assessment.

   Caltrans agrees to provide the following services:

   A. Provide access to all staff and data necessary for Finance to timely complete this review.
   B. Participate in Entrance and Exit Conferences and any briefings or meetings with Finance or LAP staff upon request.
   C. Provide a personnel contact is for use in setting up appointments and making contact with staff regarding the review.
   D. Timely provide documentation and data requested by Finance.

2. This Agreement will commence on the start date June 1, 2007 as presented herein or upon approval by DGS, which ever is later and no work shall begin before that time. This Agreement is of no effect unless approved by DGS. The Contractor shall not receive payment for work performed prior to approval of the Agreement and before receipt of notice to proceed by the Contract Manager. This Agreement shall expire on January 31, 2008. The services shall be provided during working hours, Monday through Friday, except holidays. The parties may amend this agreement as permitted by law.

EXHIBIT A
INTERAGENCY AGREEMENT

3. All inquiries during the term of this Agreement will be directed to the project representatives listed below:

Department of Transportation	Contractor: Department of Finance
Section/Unit: Local Assistance	Section/Unit: Business Services
Contract Manager: Kevin Pokrajac	Project Manager: Vicki Huntsman
Address: 1120 N Street MS1 Sacramento, CA 95814	Address: 915 L Street Sacramento, CA 95814
Bus. Phone No.: 916-653-7409	Bus. Phone No.:916-445-1986 X3053
Fax No: 916-654-2409	Fax No: 916-324-8223

The project representatives during the term of this Agreement may be changed by mutual written agreement of the parties without the necessity of an amendment to the Agreement.

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Invoicing

A. For services satisfactorily rendered and approved by the Contract Manager and upon receipt and approval of the invoices, CA Department of Transportation agrees to compensate Finance for actual allowable costs incurred as specified herein and in accordance with the rates specified herein or attached hereto. Incomplete or disputed invoices shall be returned to the Contractor, unpaid, for correction.

B. Invoices shall include the Agreement Number and shall be submitted in triplicate, not more frequently than monthly in arrears, to:

Department of Transportation
Local Assistance
Kevin Pokrajac
1120 N Street MS1
Sacramento, CA 95814

2. Budget Contingency Clause

A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, CA Department of Transportation shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, CA Department of Transportation shall have the option to either cancel this Agreement with no liability occurring to CA Department of Transportation, or offer an Agreement Amendment to Contractor to reflect the reduced amount.

3. Payment

A. Costs for this Agreement shall be computed in accordance with State Administrative Manual Sections 8752 and 8752.1.

B. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2 of the Government Code of the State of California.

4. Rates

A. Rates for these services may be found on Attachment 1 of this document.

B. If the Contractor has not entered into an Agreement with a Federal Agency and therefore is not bound by that Federal Agency's negotiated rates, the basis for determining overhead and indirect costs shall be based upon SAM Section 8752.

5. Cost Limitation

A. The total amount of this Agreement shall not exceed $250,000.00.

B. It is understood and agreed that this total is an estimate and that CA Department of Transportation will pay for only those services actually rendered as authorized by the CA Department of Transportation Contract Manager or his/her designee.

6. Cost Principles

A. The Contractor agrees to comply with Federal procedures in accordance with Office of Management and Budget Circular A-87, Cost Principles for State and Local Governments.

B. The Contractor also agrees to comply with Federal procedures in accordance with 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

C. Any costs for which payment has been made to Contractor that are determined by subsequent audit to be unallowable under the Office of Management and Budget Circular A-87, or 49 CFR, Part 18 are subject to repayment by Contractor to State.

D. Any subcontract entered into as a result of this Agreement shall contain all of the provisions of this section.

SPECIAL TERMS AND CONDITIONS

1. Termination

A. Either Party reserves the right to terminate this agreement without cause upon thirty (30) days written notice to the other Party, or immediately in the event of a material breach. In the event of termination, Contractor shall be paid for all allowable costs incurred up to the date of termination, including any non-cancelable obligations.

B. In the event that the total Agreement amount is expended prior to the expiration date, CA Department of Transportation may, at its sole discretion, terminate this Agreement with 30 days notice to contractor.

2. Subcontracting

The Contractor shall perform the work contemplated with resources available within its own organization and no portion of the work shall be subcontracted unless the subcontractor(s) is identified in this Agreement.

3. Retention of Records/Audits

For the purpose of determining compliance with Public Contract Code Section 10115, et. seq. and Title 21, California Code of Regulations, Chapter 21, Section 2500 et. seq., when applicable, and other matters connected with the performance of the contract pursuant to Government Code Section 8546.7, the Contractor, subcontractors and CA Department of Transportation shall maintain all books, documents, papers, accounting records, and other evidence pertaining to the performance of the contract, including but not limited to, the costs of administering the contract. All parties shall make such materials available at their respective offices at all reasonable times during the contract period and for three years from the date of final payment under the contract. CA Department of Transportation, the State Auditor, FHWA, or any duly authorized representative of the Federal government having jurisdiction under Federal laws or regulations (including the basis of Federal funding in whole or in part) shall have access to any books, records, and documents of the Contractor that are pertinent to the contract for audits, examinations, excerpts, and transactions, and copies thereof shall be furnished if requested.

4. Disputes

A. Any dispute concerning a question of fact arising under this Agreement that is not disposed of by agreement shall be decided by the CA Department of Transportation Contract Officer, who may consider any written or verbal evidence submitted by the Contractor. The decision of the Contract Officer, issued in writing, shall be conclusive and binding on both parties to the contract on all questions of fact considered and determined by the Contract Officer.

B. Neither the pendency of a dispute nor its consideration by the Contract Officer will excuse the Contractor from full and timely performance in accordance with the terms of this Agreement.

5. Indemnification and Hold Harmless Requirement

Neither STATE nor any officer or employee thereof is responsible for any damage or liability occurring by reason of anything done or omitted to be done by the Department of Finance under, or in connection with any work, authority, or jurisdiction delegated to the Department of Finance under this Agreement. It is understood and agreed that, pursuant to Government Code Section 895.4, the Department of Finance shall fully defend, indemnify, and save harmless CA Department of Transportation and all of its' officers and employees from all claims, suits, or actions of every name, kind, and description brought for or on account of injury (as defined in Government Code Section 810.8) occurring by reason of anything done or omitted to be done by the Department of Finance under or in connection with any work, authority, or jurisdiction delegated to the Department of Finance under this Agreement.

Appendix C

List of FHWA original questions

FHWA Review Comments/Questions on the Caltrans Local Assistance Program Manual (LAPM) and Local Assistance Program Guidelines (LAPG) (05/04/07)

The following are comments/questions from FHWA related to the Caltrans Local Assistance Program as part of this years (2007) process review. The first part is questions related to the States HQ's Local Assistance overall involvement / oversight of the Program. The second part is a number of specific comments/questions our Division Team has made in their review of the LAPM and the LAPG. Note that as part of the review of the 2 documents, our 1) Financial section and 2) Planning sections did not review the documents as they have their own separate reviews ongoing.

Regarding our review of the R/W section … it has come to our attention that the chapters in the LAPM concerning R/W and Utilities are being revised by Caltrans. We have read the manual and discussed the revisions with the LPA staff. The revision is only suppose to make the LAPM conform to the States R/W and Utilities Manual. The new chapters will not be available for approximately one month (May-June).

It is recognized that some of the comments/questions may be repetitive but are furnished to assist the Team in getting them addressed in the identified area, as called out.

>>>

- % of Federal funds authorized for local projects. 88.53% mainly. **Some 100%.**

- What are the general procedures that are followed when an LPA will be administering a Federal-aid project in your State? **LAPM & LAPG. (CTIP, FADS, LP 2000 data bases)**
- Where and how are these procedures documented? **LAPM and LAPG hardcopy and web.**
- What State statutes apply to the administration of projects by the LPA and what are the general requirements? **State, federal ADA and contractor licensing**

State DOT Organizational Structure

- Is the State DOT organizational structure and general delegation of authority aligned to meet responsibilities imposed on the State DOT under 23 U.S.C. 106(g)(4) to assure that LPAs have adequate project delivery systems and accounting controls over Federal-aid funds? **Yes.**
- Are State DOT positions filled with qualified and experienced personnel and are a reasonable numbers of employees available to perform assigned functions? **Subjective. 238 state employees in Local Assistance. Approx 23,000 total state employees**
- Are State DOT employees trained to meet the standards for carrying out these functions? Is there a formal training program for State personnel overseeing the LPA program? **Tom Glover is Local Assistance statewide training officer. They also have Local Assistance Academy (only state staff can attend), ITS Berkley (CTPA-LTAP), focused training – NHI, Resident Engineering Academy – consultants who are on a fed-aid project and/or in an agency's Dept of Public Works**
- Are the roles and responsibilities of the State DOT and LPA defined and clear? Are communication lines established among units in the State and Local organizational structure? Is this documented? **See flowcharts in LAPM and LAPG.**
- Are the State DOT employees aware of the Federal laws and regulations that apply to Federal funds expended by LPAs? Are the LPAs informed of these requirements by the State DOT? **Absolutely.**

State DOT Monitoring

- What State DOT units are responsible for oversight, technical reviews, measurement and evaluation of LPA administered projects? **Division of Local Assistance, District Environmental, audits investigation, HQ's structures, HQ's traffic operations, etc.**
- Is State DOT staff performing these review activities qualified by education and experience? **Gene Shy heads the reviews. Does measurement/evaluation vs compliance.**
- How is compliance with standards, policies and procedures assured by the State DOT?

Process Reviews by DLAE staff, audits, extensive checklists and certification NOTE: no more self-certified local agency's

- Are monitoring activities defined, performed, documented, and communicated to management? **Terry Abbott – Local Assistance Chief signs reviews (joint signature as warranted)**
- How are deficiencies disclosed and resolved and are followed-up reviews performed?

  Ineligible items are called out and proper credit made back to federal funds. IE.
  - **negotiating with contractor prior to award**
  - **no written contracts between prime and sub**
  - **Form 1273 not in contract**
  - **Advertised project prior to NEPA approval**

Findings/Recommendations documented. Corrective action taken prior to sanctions.

- How are these monitoring activities used by management? **Chapter 20, Appeal Process. 1 or 2 lose funds. May seek FHWA waiver process 1.9 to show that the action "... did not meet the letter of the law but no damage... " so waiver supported by the state. State would seek independent decision by the FHWA Division Administrator for waiver. Appeal process for waiver needs to be developed. IE, City to District to Abbott to Fardad to Kempton to Fong.**

Environment

- Are LPAs, or their consultants, allowed to develop environmental documents? **Yes they are allowed to prepare the documents but action taken by State.**
- For Programmatic CEs, what information does the State DOT require from the consultant? Who at State DOT verifies information? Who signs approving Programmatic CE? **Local Agency submits completed preliminary environmental survey (PES) form and PCE form to Caltrans District Local Agency staff. District environmental has designated Program qualified (PQ's) for cultural review. DLAE and Environmental Branch Chief (Senior level environmental planner or higher)**
- For other environmental documents, does State DOT review the document before sending it to FHWA? Describe the process. **QC/QA process approved approx 2 years ago. Now formalized per the state's SER – standard environmental reference. Some Districts send in everything. FHWA sends back formal comment letters as warranted. CC of FHWA comments are suppose to go to Terry Abbott – HQ's Local Assistance Chief and Germaine Balinger – HQ's Environmental.**

Project Development

- How are project scope and estimates developed for LPA projects? **Field review with resources as available. Combine Locals field review form with PES. NOTE: Purpose and need is an issue. Training to help.**
- Who is responsible for project design? **Sponsoring Local Public Agency.**

- If Federal funds are used for engineering services (as defined in 23 CFR part 172), how is this monitored to assure compliance with qualifications based selection criteria? **Process Reviews. Local Agency signs certification. See LAPM Chapter 10.**
- Does the LPA's consultant selection procedures differ from the State DOT's procedures? **No. Brooks Act, RFQ, RFP's or RFQ/RFP's.**
- What procedures are used for oversight and monitoring of consultants, including (but not limited to) record keeping, documentation standards, etc? **Pre-award audit PS&E checklist. Consultant performance evaluation – Chapter 10. Consultants are part of CESOC – Consulting engineers and surveyors?? No complaints from consultants and no local agency's cancelling consultants contracts.**
- How is design monitored during project development? **Local agency responsible to monitor. No state reviews of 30, 60, 90% PS&E.**
- Is the LPA required to use State design standards? **Yes, if on SHS. If not, how are standards approved? Green Book or local standards with local board approval. Block on PS&E checklist form to identify which standards. Each agency's standards reviewed once every 4 years.**
- Is the PS&E package reviewed by the State DOT? Does review include required contract provisions? Standards? Special provisions? **Minimum of one PS&E reviewed per agency per year. Recent survey of DLAE indicated most of them are doing this.**
- Who approves design exceptions? How are they documented? **Chapter 11, City/County.**
- Is standardized documentation required for LPA projects? For example: NEPA documents, agency coordination letters, checklists, State LPA agreements, permits, change orders, preliminary engineering reports, construction records, diaries, records, material test reports, certified payrolls, labor compliance reviews, EEO reviews, etc. **See PS&E checklist.**

Right-Of-Way - Local Assistance R/W is a separate division within Caltrans like Audits.

Are LPAs allowed to appraise and purchase ROW? **LPA's that are R/W qualified can do it themselves.**
What procedures are in place to assure compliance with Uniform Act? LAPM Chapter 13.
What requirements are placed on appraisers (certifications, licenses, etc-__

- **Resumes, experience level are reviewed**
- **They have on board staff that uses consultants**
- **consultant needs to be licensed**
    - **take at hand??**
    - **classes to support**
    - **states sits on panel selection**
    - **to purchase land need purchase license**
    - **reviewed every 3 years, If less than 3, than needs to be notified**

Staff – D-04; 2 ½ PY's, Central ½ PY in each District, others Districts PY's

- What is the State DOT's involvement?

No locals have asked to have their review approved
Sampling of projects ongoing
Utilities – swapping franchise agreements?
- **check licensing**
- **investigate complaints**

- How does the State DOT assure that ROW is clear and that ROW was obtained in accordance with Federal law before authorizing construction?

Any federal dollars means federal requirements applies to all project activities
- **review and approve all R/W certs**
- **on-system has more hand holdng**

State working on new MEMO for purchase of R/W early
New imminent law domain (SR 1210) could delay condemnation process
R/W doing their own training

Construction Contract Advertisement and Award

- What is the advertisement and award process? What role does the LPA play? What role does the State DOT play? **Same as State, but Locals cannot advertise or award without state prior authorization.**
- Is there guidance available to the LPAs to help assure required Federal contracting procedures are followed? **PS&E checklist.**
- How does the State DOT ensure that required contract provisions are included in the contracts? **PS&E checklist, training and website boilerplate.**
- How are DBE goals handled on LPA projects? **Race neutral since May of 2006.**

Construction Administration

- Does the LPA use State DOT specifications? Sometimes. If not, how are alternate specifications approved by the State DOT? **PS&E checklist. No legal review. VTA and Golden Gate are a couple who have their own specs.**
- Does the STA verify that the LPA has a full-time government employee in responsible charge of the project? **Locals certify.**
- How does the State DOT assure that the LPA has sufficient qualified inspectors to adequately inspect the work? **Process reviews.**
- Is there documentation supporting the payment for completed work including approved changes? **Extra work with limitations.**
- Does the State DOT make periodic inspections of LPA projects during construction? Are these documented? How are findings resolved? **No, however, D-03 recently sent out memo to field stating inspections will be occurring more frequently.**
- Does State DOT make final inspections of completed LPA projects? Are these documented? How are findings resolved? **Yes. Local agency does final. State does verification off of SHS. DLAE note any defficiency's and follow-up for corrective action ASAP. If on the NHS, state does final inspections.**
- Are qualified State DOT personnel available to provide advice and guidance to LPAs upon request? **DLAE's are the main DOT staff available.**

Financial Accountability

- How are eligibility requirements communicated between the Division Office, the State DOT, and the LPA? **LAPM, LAPG, LPP's, etc.**
- Who determines if costs are eligible for Federal-aid funding and allowable under OMB and FARS cost principles? When? How is the State DOT confirming that only eligible and allowable costs are being claimed? **District's DLAE's and their staff along with HQ's Process Reviews and various audits by the HQ's audits branch.**
- Is there a formal billing process, with the appropriate internal controls, for submitting, reviewing and paying for local Federal-aid project activities? **Yes.**
- Are supporting records prepared, reviewed and maintained in accordance with generally accepted accounting principles and record retention requirements? **Yes.**
- Are billing transactions and final project cost reviews performed? **Yes.**
- Are transactions of various types of activities reviewed to evaluate controls and to determine their adequacy to protect Federal funds? **Yes.**

Accounting – Overview

- **invoices come in from locals**
- **with certification, cursory review**
- **once funds are encumbered, verify and then pay**
- **no checking of reimbursement ratio**
- **developing new software for popular trends (taper, soft-match)**
- **An amended program supplement is done with E-76**
- **3 types of paper, Program Supplement, Finance letter; E-76**

Tapered match are project specific
5-6 tapered match projects to date for local assistance
OCTA's does 50% brokering
Earmarks need to update their pro-rata

A&E – third party agreements (LPP-02 applies)
There is a pre-award audit done on consultants

- **checked for proper retention and proper provisions**
- **State may do a post audit to rectify**
- **GAP – General Accounting Principles are used**
- **Indirect and direct costs are looked at**
- **Dollar amount or risk assessment is used to determine need for audit**
- **$250,000 threshold and 10 years is used**
- **If agreement is amended for greater than $250,000, need to come in**
- **Common to do pre-award vs post-award**
- **Prior history can be used to waive the audit requirement**

>>>

need to be addressed include such topics as: AAA by Local agencies for Full Oversight projects are required to furnish FHWA the same info as State's for their review/approval; sole-source proprietary products / processes require a public interest finding (PIF) for "any" federal aid project (see http://www.fhwa.dot.gov/construction/cqit/propriet.htm); Value engineering (VE) http://www.fhwa.dot.gov/ve/;

Chapter 1 - Introduction and Overview

a. Replacing "Transportation Equity Act for the 21st Century (TEA-21)" with "Safe, Accountable, Flexible and Efficient Transportation Equity Act: a Legacy for Users (SAFETEA:LU)", or add to it. NOTE: this is a global comment as throughout the Manual, the reference to TEA-21 needs to be updated to either supplemented and/or replaced by SAFETEA:LU.
b. Section 1.2, 1st paragraph - References ISTEA for the practices and procedures.
c. Section 1.2, 2nd paragraph, last sentence – Is there a time when there would be a federal approval without funding for "off-system" projects?
d. Pg 1-7, ROD definition – expand the definition to something similar that was done for the FONSI.

Chapter 2 - Roles and Responsibilities

a. Pg 2-1, Section 2.1 – Federal-Aid Projects, 2nd paragraph – "...Caltrans has passed on these delegations to the local agency partners to the greatest extent possible. With each delegation goes the accountability for initiating and completing each project phase in accordance with the appropriate state and federal laws and regulations without extensive FHWA or state oversight..." Can Caltrans delegate these activities? Also, there should be following approved program delivery procedures. Should be mention of how they are going to assure this (either detail or reference).
b. Pg 2-1, para 4 – Update text to disclose that since the reengineering of the mid-90's....
c. Pg. 2-1, Section 2.2 - "...One of the early local agency determinations should be whether the project is on the NHS or not." May be clearer to state something along the lines of: The local agency is responsible to determine if the project is on the NHS as it will impact project requirements.
d. Page 2-2, last para, last sentence – "... construction related responsibilities. Add.. non-Title 23 activities (NEPA, right of way, civil rights, Buy America) have not been delegated.
e. Section 2.4, 4th paragraph – "local projects ... not subject to FHWA review ..." Is this correct to state ....not subject to FHWA review? Suggest saying"... subject to "full" FHWA review."
f. Pg 2-5, last para, PS&E Procedures for Major NHS Projects – add in discussion related to Major projects, financial plans and AAA by local agencies.
g. Section 2.6 – Method of Construction – Write up makes it appear that competitive bidding is only required on full oversight projects.
h. Pg 2-6, Design Standards – text states local agencies are required to use only AASHTO standards on NHS projects. It was our office understanding that the locals are required to use Caltrans Standards if on the State Highway System (SHS). Need to clarify.
i. Pg 2-6, para 3 – text states use of proprietary items are restricted on the NHS. See above where their use is on any federal-aid project.
j. Pg 2-7, para 1 – text needs to reflect the process for Full Oversight project's that are AAA by local agencies .

k. Pg 2-7 section 2.6 – Final Inspection - There is no mention of final inspection for non-oversight projects. This should be addressed.
l. Section 2.8 – Process Reviews – Caltrans will use the process review as the main method to determine if local agencies are in compliance with all federal requirements.
m. How many process reviews have been completed for environmental in the last 5 years?
n. Pg 2-8, section 2.8 – 1st paragraph - "Caltrans is responsible to the FHWA for administering the successful implementation of federal-aid programs and projects." Add at the end of the sentence: in accordance with the laws, regulations, and policies that govern the federal-aid program.
o. Pg 2-8, section 2.8 – program management - "...to ensure that the funds are expended to meet the program goals. ..." Goals should be replaced by requirements as they are not optional and not meeting them could jeopardize fund eligibility.
p. Pg 2-9, section 2.8 – project implementation, last paragraph - Why are not engineering services listed as any of the technical services offered to the local agencies?
q. Pg 2-10, Project Implementation – all bullets need to reflect current agreements with FHWA. (IE: AAA Full Oversight, Major Projects, Financial Plans, etc.)
r. Pg 2-15 to 2-19, various tables need to reflect current requirements.

Chapter 3 - Project Authorization

a. Pg 3-1 – chart -The diagram is incorrect in that FHWA has an action on every project since a PR-2 must be signed in FMIS to officially authorize a project. This concept is not reflected throughout the manual. Finance should review this.
b. Section 3.3 – Preliminary Engineering, 2nd paragraph – Requires a completed field review form to be submitted to Caltrans within four-months from initial PE authorization. Are field review forms being completed and submitted within four-months of initial PE authorization? How is this being determined? Section 7.7 also requires that the field review forms be submitted to DLA. Is this being done?
c. ection 3.3 – Preliminary Engineering, 3rd paragraph – Reference should be 23 CFR 630.112 **(c)** (2).
d. Pg 3-3, section 3.1 – Introduction - "Preliminary Engineering (PE) for Emergency Opening (EO) and related incidental Permanent Restoration (PR) as part of EO for 'declared emergencies' approved by FHWA..." This language is unclear and appears to be incorrect. It should be revised.
e. Pg 3-3, para 2 – revise text to say " ... FHWA has delegated "various" project oversight and approval responsibilities to Caltrans ...."
f. Pg 3-9, section 3.3 – construction and construction engineering - Discussion about errors and omissions in design (typically found in construction) need to be discussed and an expectation of how situation will be handled should be included.
g. Pg 3-10 & 3-11, text needs to reflect AAA by local agencies that are Full Oversight.
h. Pg 3-11, section 3.4 – administrative procedures - We believe that all projects are signed in FMIS (a PR-2 is filled out for each project regardless of delegation status). This is not reflected in the manual.
i. Pg 3-12, section 3.5 – obligations, encumbrances, and liquidation of funds, 1st paragraph "...Typically, the obligation of federal funds is automatic upon federal authorization of the project (or phase of work) provided the state has sufficient Obligation Authority (OA) and federal fund balance for the current FFY. " Unless a project is using AC, FHWA cannot authorize/obligate the project. This indicates that these actions can occur as 2 steps. I don't believe this is the case.

j. Pg 3-13, section 3.6 – underfunded projects, last paragraph on page - Federal funds are not placed under agreement with an e76, they use a PR-2 in FMIS. This is applicable for a reference to this process.
k. Pg 3-14, section 3.6 – federal reimbursement of underfunded projects - "...On the final invoice, the federal reimbursement rate may fluctuate to ensure that the local agency receives the total federal funds to which it is entitled not to exceed the legal pro rata or obligated federal funds." We understand that once a reimbursement rate has been set on a project, that's the set amount that the project could receive (either percentage or lump sum). So, if it ends up as being less than the pro rata share, the agency is not eligible for additional funding.
l. Pg 3-14, section 3.7 – Local AC procedures - "When federal funds are not available for obligation due to an insufficient balance of funds or OA, a local agency may request in writing federal authorization to proceed with the project ..." First of all, the AC projects I have been processed under an e-76/FMIS PR-2 document. It would be good to check with finance on this. This section could use some clarification. Additional comment – after project it may be good to add verbiage "...project in efforts to be eligible for federal fund reimbursement should they become available..."
m. Pg 3-15, Tapered Match – "... use of tapered match "shall be" transmitted to FHWA for review and approval through the DLAE."
FHWA once
n. Section 3.9 – Flexible Match – What is the eligibility of property that the local agency acquired prior to the project development process?
o. Pg 3-19, section 3.10 – FTA transfer procedures - First of all it would be good to note that SAFTEA-LU changed the laws associated with fund transfers to other government agencies. For starters it enables FHWA to transfer the funds to FTA and out of the FHWA system. The changes to fund transfer should be investigated and relevant information incorporated into this document (ie. Local agencies can also transfer several different fund types to other government entities. This information should be shared with the local agencies.
p. Pg 3-21, exhibit 3-A - field review form - Warnings like the one listed as the second check off item on this list should be included in the text discussion and not just found on a form.

<u>Chapter 4 - Agreements</u>
a. Section 4.2 – Master Agreement, 2nd paragraph – "... local agency agrees to comply with all federal and state laws, regulations, policies and procedures relative to the design, right of way acquisition, construction and maintenance ..." No mention of environmental.
b. Pg 4-7, section 4.5 – federal-aid project authorization to proceed - "Under the upgraded FADS, one electronic form entitled "Authorization to Proceed" (e76) replaces the PR-2,..." This is not exactly the case. We still have PR-2s that FHWA uses – they are in FMIS.
c. Pg 4-13, exhibit 4-c – master agreement administering agency-state agreement for federal-aid projects. - Should this agreement reflect the current transportation act information – the existing one references ISTEA?
d. Pg 4-17, exhibit 4-c – article V – retention of records/audits - Should there also be mention of the federal requirement for record retention – currently only state statues are mentioned?

Chapter 5 - Accounting/Invoices

a. Pg 5-3, section 5.2 – budget authority - This section should differentiate between Federal
obligation authority and state budget authority. It should be clear that they are not the same thing and are not necessarily dependant upon each other.

b. Pg 5-4, section 5.3 – federal-aid project authorization (e76) - "Important note: Costs incurred prior to the authorization date are never eligible for FHWA reimbursement except for approved Emergency Relief (ER) work. ..." This statement is not exactly accurate and a rewrite should be done. Ie "...Costs incurred prior to the authorization date are not eligible for reimbursement except emergency opening (EO) work that is part of the emergency relief (ER) program.

c. Pg 5-7, section 5.3 – underfunded projects, last paragraph - As stated before, it is our understanding that once a reimbursement ration or project cap is set for a project it cannot be changed after the fact.

d. Pg 5-9, section 5.4 – payment in arrears - Why can't the local agency use electronic fund transfer methods and provide the associated confirmation numbers?

Chapter 5 - Denix

a. **yes**
b. **yes**
c. **Pg 5-7; times to change dollar cap. Cannot go over but OK as long as you stay under.**
d. **Pg 5-9; is confirmation number OK vs cancelled check, check w/Brenda**

6 PY's being used for extensive audit by Finance for Local Assistance

Chapter 6 – Environmental Procedures

a. Section 6.1 – Introduction, 2nd paragraph – The local agencies are not required to follow the Caltrans *Standard Environmental Reference* (SER) for projects "OFF" the State Highway System. Will this policy change with NEPA delegation?

b. Section 6.2, pg 6-8 – Environmental Assessment, last paragraph – Refers to the wrong exhibits (i.e. Exhibit 3-G should be 3-E and Exhibit 3-H should be 3-F). The references to these exhibits under the Environmental Impact Statement section are also wrong.

c. Section 6.2, pg 6-10 – Presidential Executive Order 12898 – Environmental Justice – Reference is to Chapter 24 in the SER and should be Chapter 25.

d. Section 6.2, pg 6-12 – Memorandum of Understanding (MOU) Section 404 – The MOU has been updated. (Not reflected in this manual)

e. Section 6.2, pg 6-16 – Mitigation – The local agency is required to certify that mitigation has been completed. What method are the locals using to carry the mitigation requirements from the environmental document through construction (Environmental Commitment Record)? DLAE is also required to conduct periodic process reviews. Are these process reviews being completed to assure that mitigation and on-going maintenance is completed by local agencies?

f. Section 6.4, Annual Reporting Requirement, pg 6-19 – DLAE is responsible for maintaining a log of projects processed under the PCE Agreement and for ensuring that all "green" environmental fields in LP2000 are complete. What is HQ doing to assure the information is complete?

g. Section 6.7, #3, pg 6-21 – Request Technical Information – Official ESA lists can now be accessed by the internet vs a letter to the resource agencies.

h. Section 6.7, #9 (5), pg 6-23 – In this case add .117 to the reference of 23 CFR 771. By stating that the DLAE unilaterally signs the CE/CE/PCE, is that indicating that the EOC does not see the project?
i. Exhibit 6-C, Sample letter to USFWS and NMFS, pg 6-49 – Since the T&E species list can be obtained from the web site of the USFWS, the local agencies should obtain one for each project.
j. Exhibit 6-J, Section 4(f), pg 6-65 – A discussion of the *de minimis* use of Section 4(f) properties should be included.
k. Exhibit 6-L, Section 7 (ESA) compliance, second to last bullet, pg 6-69 – Section 9 prohibits the taking of endangered species. Exceptions are provided through the Section 7 and Section 10 consultations.
l. Exhibit 6-L, Section 7 (ESA) compliance, pg 6-70 – Conferencing is only for proposed species not for candidate species by regulation.
m. Exhibit 6-N, Floodplain Report, third to last bullet, pg 6-73 – What are the 4 conditions you are referring to above? Are you referring to the four conditions outlined in Chapter 17 of the SER?

Chapter 7 – Field Review
a. Section 7.2, PS&E and Construction Administration, pg 7-5 – Construction administration procedures must be approved by Caltrans and FHWA before construction will be authorized. Are local agencies submitting the construction administration procedures for approval?
b. Pg 7-5, section 7.2 PS&E and construction administration procedures - What are the expectations for non-NHS projects?
c. Pg. 7-6, section 7.3 – optional field review - Why should there not be a field review of some sort required for all projects – even if CT is not present?
d. Pg 7-8, section 7.6 environmental process - "All federal-aid projects must undergo a documented environmental review and receive a federally approved environmental document before proceeding to final design." This is awkward and not accurate. Should go something like: "All federal-aid projects must follow the federal environmental process (NEPA). The resulting documents must be reviewed and approved before…"
e. Section 7.6, Project Cost, pg 7-8 – Reference to Section 3.2, Underfunding Policy, should be Section 3.6.

Chapter 8 – Public Hearings
a. Section 8.2, Environmental Impact Statement, pg 8-2 – Reference to *Local Assistance Environmental Manual* should be changed to the SER.
b. Section 8.7, Hearing Procedures, third bullet – The manual states that statements and exhibits must be submitted within ten days after the public hearing. 23 CFR requires an EA and EIS to be available for a minimum of 15 days prior to the public hearing. In addition, the EA has to be available for 30 days and an EIS has to be available for 45 days after the notice of availability. Depending on when the public hearing is scheduled, the 10 days may not meet federal regulations.

Chapter 9 – Civil Rights and Disadvantaged Business Enterprises
a. Section 9.3, Implementation, pg 9-5 – DLA's role is to ensure that all new and existing altered pedestrian facilities shall be made accessible to persons with disabilities. How is this being accomplished by the DLA?

Chapter 11- Design Standards

a. How is a 20-year design life for a facility addressed?

b. Pg 11-26, Local Projects not on the SHS – Cities have been delegated by Caltrans to write themselves their own design exceptions. How are the exceptions being monitored by Caltrans to ensure they are documented as part of the PS&E? As part of the final inspection to allow payment of the final voucher?

c. Page 11-29, Reference to the FHWA Contract Administration Core Curriculum needs to be updated to 2006 vs the shown 2001.

Chapter 12 Plans, Specifications, & Estimates

a. Chapter needs to address AAA projects by locals, Major projects, Financial Plans, VE new dollar threshold and PIF's.

b. Pg 12-3, Final Design, para 2 – "A summary of required mitigation can be found in the "add... CE" or in the FONSI....or in the ROD.... "

c. Pg 12-4, Method of Construction, para 1 – suggest bolding the last sentence "... local agencies may not negotiate with bidder prior to award...." to bring more attention to it.

d. Pg 12-6, Emergency Work, para 1 – text states, "For projects that are not exempt from FHWA oversight, the waiver shall be approved by the DLAE." This implies that the DLAE approves a waiver for a Full Oversight project. Is this the intention of the statement?

e. Pg 12-33, Proprietary Items, para 1 and first sentence after bullet #3. The FHWA policy is applicable to local projects off of the NHS.

f. Pg 12-35, Local Agency Furnished Materials, para 2 – who approves the PIF?

g. Pg 12-38, PS&E Checklist – AAA by locals for Full Oversight projects are required to follow the Caltrans RTL Guide.

h. Pg 12-58, VE Analysis guidance needs to be updated.

i. Pg 12-63, Proprietary Items – Revise to complete if on either the NHS or non-NHS.

Chapter 13 – Right of Way

a. Section 13.6, NEPA, pg 13-12 – Implementing regulations are 23 CFR 771. The extension .117 is only for CEs.

Chapter 15 – Advertise and Award

a. Section 15.2, Definition of Terms, pg 15-2 – ISTEA is defined but no mention of TEA-21 nor SAFETEA-LU.

b. Pg 15-11, Contract Award – AAA Full Oversight projects by locals are expected to follow the Caltrans HQ's OE process and "award package" in requesting FHWA review/approval.

c. Pg 15-12, para 4 – FHWA TA 5080.4 has been superseded. New guidance can be found at: http://www.fhwa.dot.gov/programadmin/contracts/ta508046.cfm

d. Pg 15-15, Award Package - AAA Full Oversight projects by locals are expected to follow the Caltrans HQ's OE process and "award package" in requesting FHWA review/approval.

Chapter 17 – Project Completion

a. Section 17.3, Final Inspection Procedures, pg 17-3 – For State-Authorized projects, the DLAE is required to verify that the project was constructed in accordance with the project authorization document. What process is being used to verify the project is complete? Does this process also include a review of any mitigation?

Chapter 19 – Process Reviews

a. Section 19.1, FHWA Process Reviews, pg 19-1 – Did the stewardship agreement state that FHWA would only use process reviews for activities outside of Title 23?

b. Section 19.2, Process Review Committee, pg 19-2 – A yearly monitoring (process review) plan is required to be developed. How is the subject matter (topics, etc) for process reviews determined? How many process reviews have been completed for environmental? What are they?

c. Section 19.2, Mini Process Reviews, pg 19-3 – Mini process reviews are identified as a method of spot checking compliance. Have any mini process reviews been completed? Have any been completed for environmental documents and mitigation?

>>>

4. (2-10, 0.7) Change TEA-21 to SAFETEA:LU

Chapter 3 Federal - Aid Route & Functional Classifications

1. (3-1, 0.3) The National Highway System Act of 1995 restructured the Federal-aid highway classifications.
2. (3-1, 0.3) "... now there is only one system, the National Highway System (NHS), the Interstate Highways is a component of the NHS.
3. (3-1, 0.4) Although there is only one Federal-aid classification ...
4. (3-1, 0.8) Change Interstate System to Interstate Highways
5. (3-2, 0.2) Verify this listing, There were update in 2002.
6. (3-2, 0.4) Verify that there is 41,000 miles of Federal-aid highways in California, excluding the NHS.
7. (3-3. 0.4) Correct the typo "intra-urban"
8. (3-4, 0.4) Delete "It serves virtually all urban area with population of 50,000 and above.
9. (3-5, 0.5) Requests that do not have total support do not forward to FHWA for resolution. Rewrite this paragraph. Add revised Functional Classification maps become official the date FHWA signs and date the maps.
10. (3-5, 0.7) Add USC and National Highway System Act of 1995 to the reference
11. (3-7 thru 3-14) Verify the list includes the 2002 revision.

Chapter 6

1. Section 6.1.1, pg 6-2 – NEPA stands for the National Environmental Policy Act not the Protection Act.

Chapter 8

1. Section 8.2, TEA, Changes to Guidelines, pg 8-2 – Responsibility for complying with Federal regulations has been shifted to the local agencies through a self-certification process. How does Caltrans assure that the local agencies are meeting the federal requirements?

Chapter 11 Disaster Assistance

1. (11-1) Verify this flow chart is accurate and updated. Presidential declaration is no long required.
2. (11-4, 0.8) Rewrite to clarify National Parks, not just park roads.
3. (11-5, 0.2) Rewrite the last two sentences.
4. (11-5, 0.6) Rewrite the paragraph
5. (11-5, 0.8) Rewrite the 100,000,000 maximum limitation
6. (11-6, 0.2) Rewrite "... under USC Title 23
7. (11-6, 0.3) Rewrite the paragraph to address the delegations to DLAE for local agencies.
8. (11-6, 0.4) ... sent to Washington DC???? Rewrite the paragraph.
9. (11-6, 0.4) Rewrite so that it is more general, not just for flood.
10. (11-6, 0.7) ... "as from aggregate/sand mining, collisions by ships ...."
11. (11-6, 0.9) Rewrite the Eligibility section
12. (11-7, 0.3) Rewrite the Eligibility and Programming Requirements
13. (11-7, 0.6) Rewrite the 2nd bullet in the criteria list. delete "or preliminary engineering", rewrite " ... but, a approved DAF by FHWA is necessary"

14. (11-7, 0.7) Rewrite 3rd bullet. Delete "unless the work was accomplished a part of the ER repairs"
15. (11-7,0.8) Rewrite 6th bullets. " ... associated with approved PR projects ..."
16. (11-8, 0.1) Rewrite " ... flagging traffic through *damaged* sections ..." so that it is more general, not just for flood damage.
17. (11-8, 0.5) Delete the 4th bullet "Maintenance of detours and temporary surfaces"
18. (11-8, 0.7) Add a bullet "Roadway damage within a project limit already programmed in FSTIP."
19. (11-8, 0.9) Rewrite the last sentence to "The FHWA Transportation Engineer must concur a supplemental DAF ..."
20. (11-9, 0.1) Rewrite the 1st bullet to "For projects up to $100,000 ..."
21. (11-9, 0.3) There is a conflicting thought in this section about the FSTIP programming.
22. (11-9, 0.7) See Bill Todd about ROW certification level 1.
23. (11-9, 0.9) Add a section to describe the FHWA's ER on-line computer training.
24. (11-10 0.4) Rewrite the paragraph. Need another sentence to complete the thought.
25. (11-11, 0.6) Delete "Federal" in the sentence 3.
26. (11-11, 0.7) Delete "Federal" in the sentence 4.
27. (11-11,0.8) PR2 ?
28. (11-12, 0.1) Delete the 10th bullet
29. (11-12, 0.2) Delete the 11th bullet
30. (11-12, 0.8) In the 18th bullet, delete the 1st sentence about the CA projects
31. (11-12, 0.9) Delete the 19th bullet
32. (11-13, 0.3) Delete the 2nd paragraph in the Reporting of Final Costs ?
33. (11-13, 0.4) The newest update of Emergency Relief Manual is August, 2003.
34. (11-13) Replacing the DAF with the newest version.
35. (11-14) In the DAF, should Caltrans and Local Agency recommend the approval of the DAF and FHWA concurs the approval????

Chapter 12 Other Federal Programs

1. (12-7, 0.9) Replace TEA-21 quotation to SAFETEA:LU.
2. (12-8, 0.3) Rewrite the "Administration" section
3. (12-8, 0.5) Revise the $ amount of funding level from SAFETEA:LU
4. (12-8, 0.6) Use language "Flexible Match" or "Soft Match" to describe the third party in-kind donation
5. (12-9, 0.8) Replace TEA-21 with SAFETEA:LU

Administration of Federal-aid Projects by Local Public Agencies (LPA)
General Review Guidelines
March 1, 2007

Background/General

- What is the size of your State's LPA program?
  - # of active LPA projects.
  - Amount of Federal-aid funds authorized for local projects.
  - % of Federal funds authorized for local projects.
- What are the general procedures that are followed when an LPA will be administering a Federal-aid project in your State?
- Where and how are these procedures documented?
- What State statutes apply to the administration of projects by the LPA and what are the general requirements?

STA Organizational Structure

- Is the STA organizational structure and general delegation of authority aligned to meet responsibilities imposed on the STA under 23 U.S.C. 106(g)(4) to assure that LPAs have adequate project delivery systems and accounting controls over Federal-aid funds?
- Are STA positions filled with qualified and experienced personnel and are a reasonable numbers of employees available to perform assigned functions?
- Are STA employees trained to meet the standards for carrying out these functions? Is there a formal training program for State personnel overseeing the LPA program?
- Are the roles and responsibilities of the STA and LPA defined and clear? Are communication lines established among units in the State and Local organizational structure? Is this documented?
- Are the STA employees aware of the Federal laws and regulations that apply to Federal funds expended by LPAs? Are the LPAs informed of these requirements by the STA?

STA Monitoring

- What STA units are responsible for oversight, technical reviews, measurement and evaluation of LPA administered projects?
- Is STA staff performing these review activities qualified by education and experience?
- How is compliance with standards, policies and procedures assured by the STA?
- Are monitoring activities defined, performed, documented, and communicated to management?
- How are deficiencies disclosed and resolved and are followed-up reviews performed?
- How are these monitoring activities used by management?

Environment

- Are LPAs, or their consultants, allowed to develop environmental documents?
- For Programmatic CEs, what information does the STA require from the consultant? Who at STA verifies information? Who signs approving Programmatic CE?
- For other environmental documents, does STA review the document before sending it to FHWA? Describe the process.

Project Development

- How are project scope and estimates developed for LPA projects?
- Who is responsible for project design?
- If Federal funds are used for engineering services (as defined in 23 CFR part 172), how is this monitored to assure compliance with qualifications based selection criteria?
- Does the LPA's consultant selection procedures differ from the STA's procedures.
- What procedures are used for oversight and monitoring of consultants, including (but not limited to) record keeping, documentation standards, etc?
- How is design monitored during project development?
- Is the LPA required to use State design standards? If not, how are standards approved?
- Is the PS&E package reviewed by the STA? Does review include required contract provisions? Standards? Special provisions?
- Who approves design exceptions? How are they documented?
- Is standardized documentation required for LPA projects? For example: NEPA documents, agency coordination letters, checklists, State LPA agreements, permits, change orders, preliminary engineering reports, construction records, diaries, records, material test reports, certified payrolls, labor compliance reviews, EEO reviews, etc.

Right-Of-Way

- Are LPAs allowed to appraise and purchase ROW?
- What procedures are in place to assure compliance with Uniform Act?
- What requirements are placed on appraisers (certifications, licenses, etc)?
- What is the STA's involvement?
- How does the STA assure that ROW is clear and that ROW was obtained in accordance with Federal law before authorizing construction?

Construction Contract Advertisement and Award

- What is the advertisement and award process? What role does the LPA play? What role does the STA play?
- Is there guidance available to the LPAs to help assure required Federal contracting procedures are followed?
- How does the STA ensure that required contract provisions are included in the contracts?
- How are DBE goals handled on LPA projects?

Construction Administration

- Does the LPA use STA specifications? If not how are alternate specifications approved by the STA?
- How does the STA assure that the LPA has sufficient qualified inspectors to adequately inspect the work?
- Is there documentation supporting the payment for completed work including approved changes?
- Does the STA make periodic inspections of LPA projects during construction? Are these documented? How are findings resolved?
- Does STA make final inspections of completed LPA projects? Are these documented? How are findings resolved?
- Are qualified STA personnel available to provide advice and guidance to LPAs upon request?

Financial Accountability

- How are eligibility requirements communicated between the Division Office, the STA, and the LPA?
- Who determines if costs are eligible for Federal-ad funding and allowable under OMB and FARS cost principles? When? How is the STA confirming that only eligible and allowable costs are being claimed?
- Is there a formal billing process, with the appropriate internal controls, for submitting, reviewing and paying for local Federal-aid project activities?
- Are supporting records prepared, reviewed and maintained in accordance with generally accepted accounting principles and record retention requirements?
- Are billing transactions and final project cost reviews performed?
- Are transactions of various types of activities reviewed to evaluate controls and to determine their adequacy to protect Federal funds?